



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Corrected Copy

January 13, 1999

Denise Dragoo, Resident Agent
Horizon Mining LLC
c/o Snell & Wilmer
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

Re: December 22, 1998 Waste Rock Extension Request Letter, Horizon Mining, LLC,
Horizon Mine, ACT/007/020, File #3, Carbon County, Utah

Dear Ms. Dragoo:

The following response is provided to Horizon's request of December 22, 1998, to 1) extend the deadline, to move accumulated waste rock off the Horizon Mine site, until March 15, 1999, and 2) to not have to post a bond of \$40,000 for the removal of the waste rock.

A chronology of the situation is noted here at this time:

November of 1997 - Bill Malencik, Senior Reclamation Specialist for the Division, began negotiations with Horizon personnel regarding the storage of waste rock at the mine.

September 30, 1998- Expiration Date according to the technical analysis for temporary waste storage at the mine site (allowed for a period of ninety days)

September 28, 1998 - The Division approved the transportation of the waste material to the Sunnyside Cogeneration Associates (SCA), effective September 28, 1998.

November 17, 1998 - Bill Malencik and Joe Helfrich requested Ms. Vicky Miller, Earthfax, to have the mine adjust the reclamation bond to include \$40,000 for waste rock removal, and to remove the waste material from the mine site within two weeks. Neither item was accomplished, and two letters dated November 30, 1998, and December 15, 1998, were sent to Mr. Larry Jones addressing the waste material removal and bond adjustment requirements.

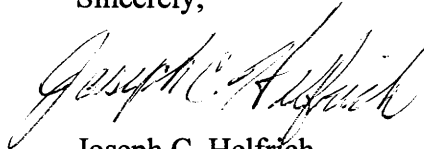
Waste Rock Extension Request
ACT/007/020
January 13, 1999
Page 2

Therefore, the Division has determined that:

1. An extension until March 15, 1999, is here approved as the final deadline for removal of the waste rock material presently stored at the Horizon mine, and
2. The reclamation bond for the Horizon mine has been reviewed by the division and it has been determined that there is not sufficient contingency existing within the current reclamation bond to remove waste rock material from the mine site. It was found in fact that the current bond is not sufficient to reclaim the site, and that any contingency in the bond is not sufficient to cover the waste rock removal as well as other items at the site which are not covered in the bond. A full review of the bond is currently underway at this time and that issue will be raised again at a future date when the full bond review is completed. In the meantime, a bond to cover the \$40,000 haulage cost for the material to another site must be posted by no later than January 28, 1999.

It is in the best interest of Horizon and the Division to ensure that the stated deadlines are met. If you have any questions, please call me at 801-538-5306.

Sincerely,



Joseph C. Helfrich
Permit Supervisor

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cc: Larry Jones
Vicky Miller, EarthFax
Price Field Office
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